



# Investor Presentation

4Q FY22 Quarterly Results Update  
January 2023

ASX:DSE





We are a global partner-centric company building secure, scalable and highly useable cloud backup technologies for businesses, big and small



### Mission Critical for Cyber defence

Large and growing addressable market



### Industry leader in cloud backup

Voted #1 Microsoft 365 Backup for 3 years in a row



### Growing global presence

Over 930K users across +100 countries



### Highly responsive team

>80 colleagues across Asia Pacific, North America and Europe



### Scalable and Recurring Revenue

Pure SaaS via scalable partnership business model

## The Challenge

90%

of Cybersecurity attacks start with email



\$20B

global cost of ransomware in 2022



200K

privacy breach cases reported in year 1 of GDPR



62%

of breaches and data loss occur through human error



## The Opportunity

Massive **budget allocations** to Cybersecurity and backup

20k **Software-as-a-Service** providers with >15B end users

84% of companies **don't backup** their SaaS application data (US)

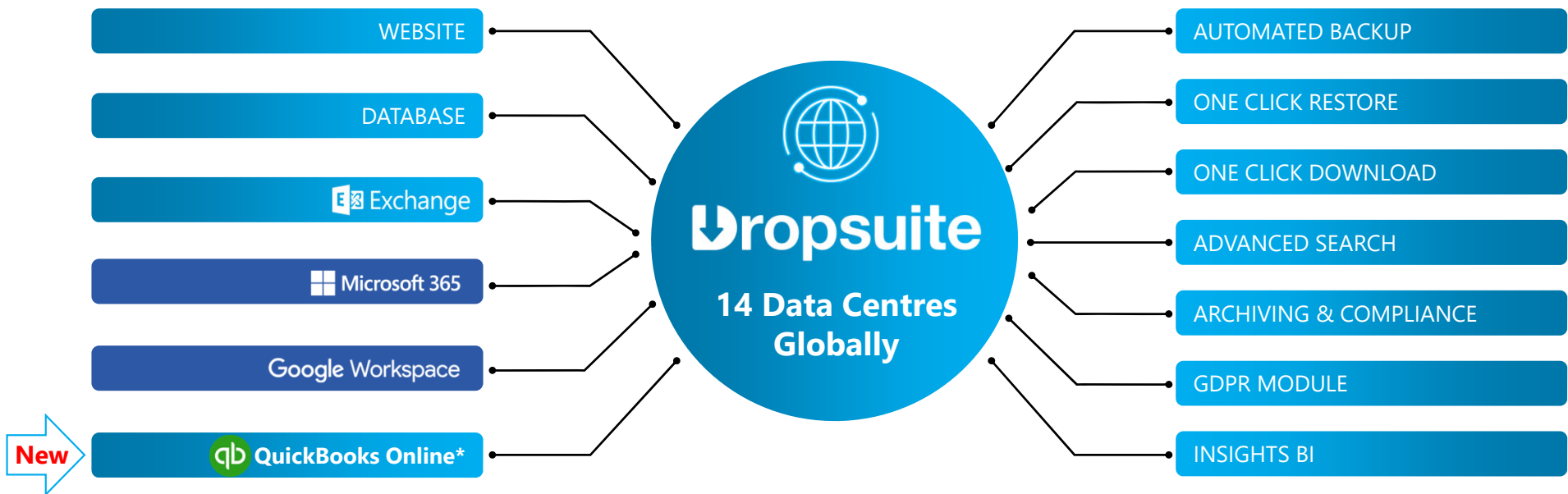
Data Privacy and security **regulation** coupled with remote work

General Data Privacy Regulation (GDPR) is a set of strict data privacy rules that went into effect in mid 2018

1. Source: <https://www.globenewswire.com/news-release/2020/03/04/1995163/0/en/Cloud-Backup-and-Recovery-Software-Market-to-Reach-22-22-Billion-Globally-by-2025-Says-Allied-Market-Research.html/>

# Exceptional User Experience

Simple intuitive interface that is packed with useful and powerful features, including search, insights and analytics



\*QUICKBOOKS ONLINE is North America's leading Cloud-based accounting software for SMEs by Intuit (NASDAQ: INTU). Dropsuite is now providing backup for this mission critical information, fully integrated into the partner portal. Monetisation expected to start in April 2023.

# The Dropsuite Advantage



## Seamless Partner Integration

Integrates with any partner infrastructure and delivers streamlined provisioning, billing and support



## Exceptional User Experience

Simple intuitive interface that is packed with useful and powerful features, including search, insights and analytics



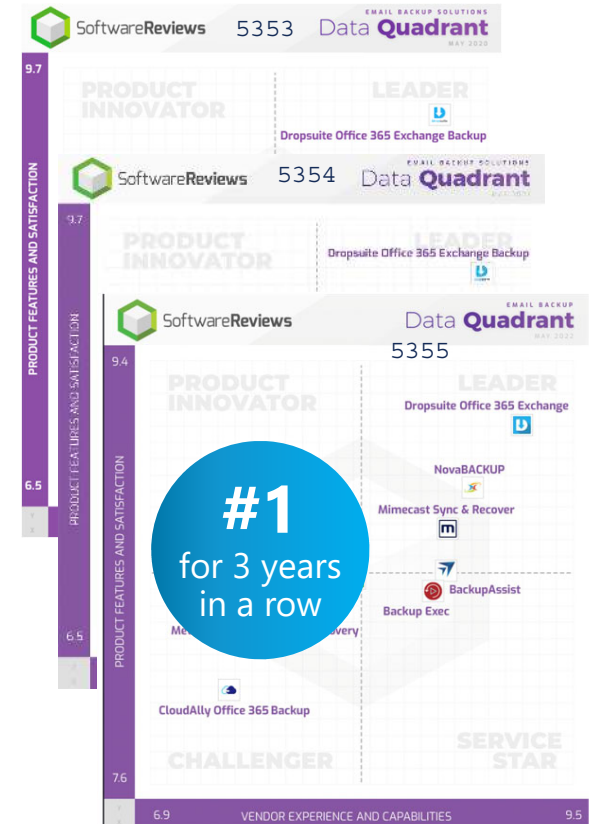
## Cutting-edge Cloud Platform

Built for the cloud from day one. Secure public and private cloud platform deployed globally to meet data sovereignty regulatory requirements



## Highly Responsive Team

Expert training, marketing and technical support delivered by an agile and passionate team



# 4Q FY22 Results

# Strong Operational Metrics Delivered

## Continued momentum across the business

**Annual  
Recurring  
Revenue<sup>1</sup>**

**\$25.4m**

↑ 58% on PCP  
10% on QoQ

**Paid  
Users**

**935k**

↑ 44% on PCP  
6% on QoQ

**Monthly  
ARPU**

**\$2.26**

↑ 9% on PCP  
4% on QoQ

**Gross  
Margin**

**70%**

↑ 400 basis  
point QoQ

**Direct  
Transacting  
Partners**

**491**

↑ 22% on PCP  
4% on QoQ

**Revenue  
Churn**

**<3%**

↑ 0% on PCP  
0% on QoQ

1. Annualised Recurring Revenue (ARR) is defined as the value of the contracted monthly recurring revenue multiplied by 12 months. PCP based on Constant Currency

2. December 2022 Revenue Churn is defined as Lost Revenue in December 2022 divided by December 2021 Revenue

3. Percentage growth is on previous corresponding period and constant currency

# Trend of positive quarterly cashflow continues

(\$Million) per quarter	Dec 22	Sep 22	Dec 21	QonQ	PCP
Cash Receipts	5.58	5.15	3.42	8%	63%
Net Cash Generated from Operations	0.45	0.59	0.23	(24%)	93%
Cash at hand*	22.34	22.25	21.60	0%	3%

## Positive net cashflow

generated from operations of \$0.45 million, continuing positive cashflow from prior months, though lower than prior quarter with:

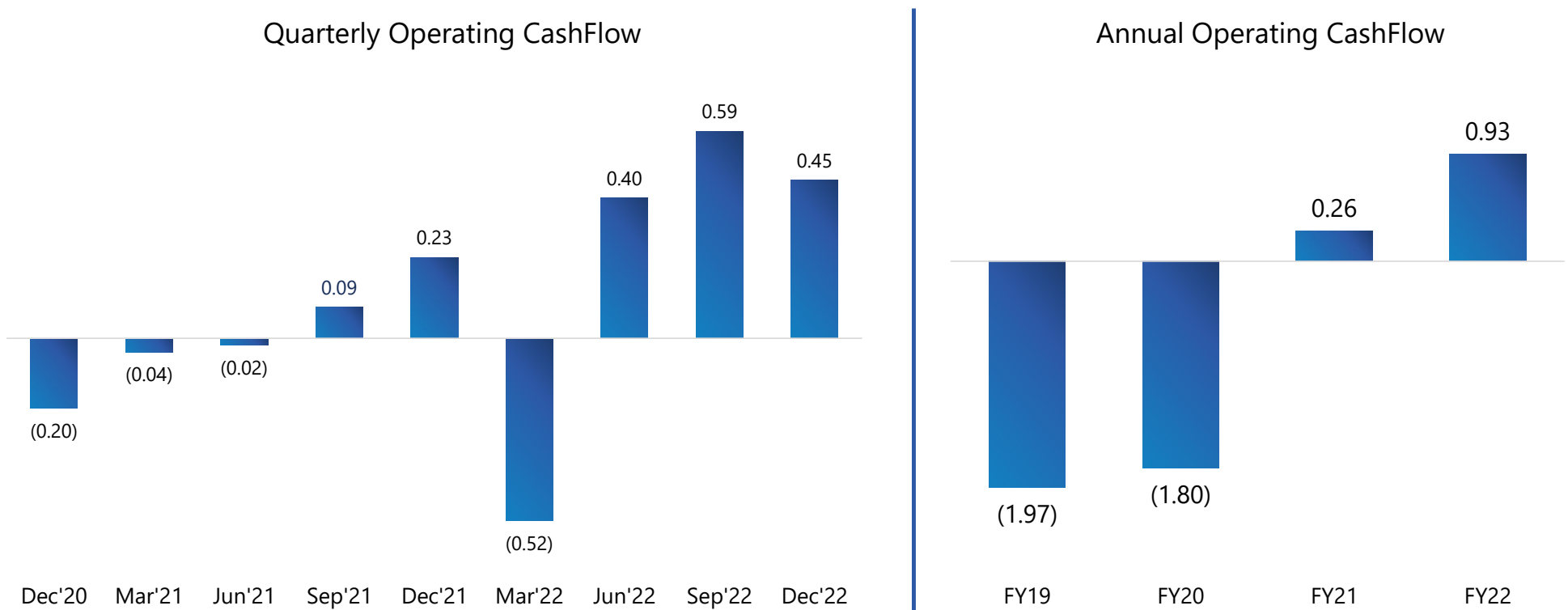
- Continued investment in team head count and training
- Wages spend +15% QoQ
- Marketing spend+80% QoQ
- Lower cash receipts compared to stronger Q3 collections

\*Cash at Bank at end of Dec of \$22.34m includes effect of movement in exchange rates on cash held of (\$0.32m) during the quarter as the Company converted A\$3.8m into US\$2.5m and during the same quarter the USD:AUD depreciated which negatively impacted the revaluation of USD on hand at the end of the quarter.



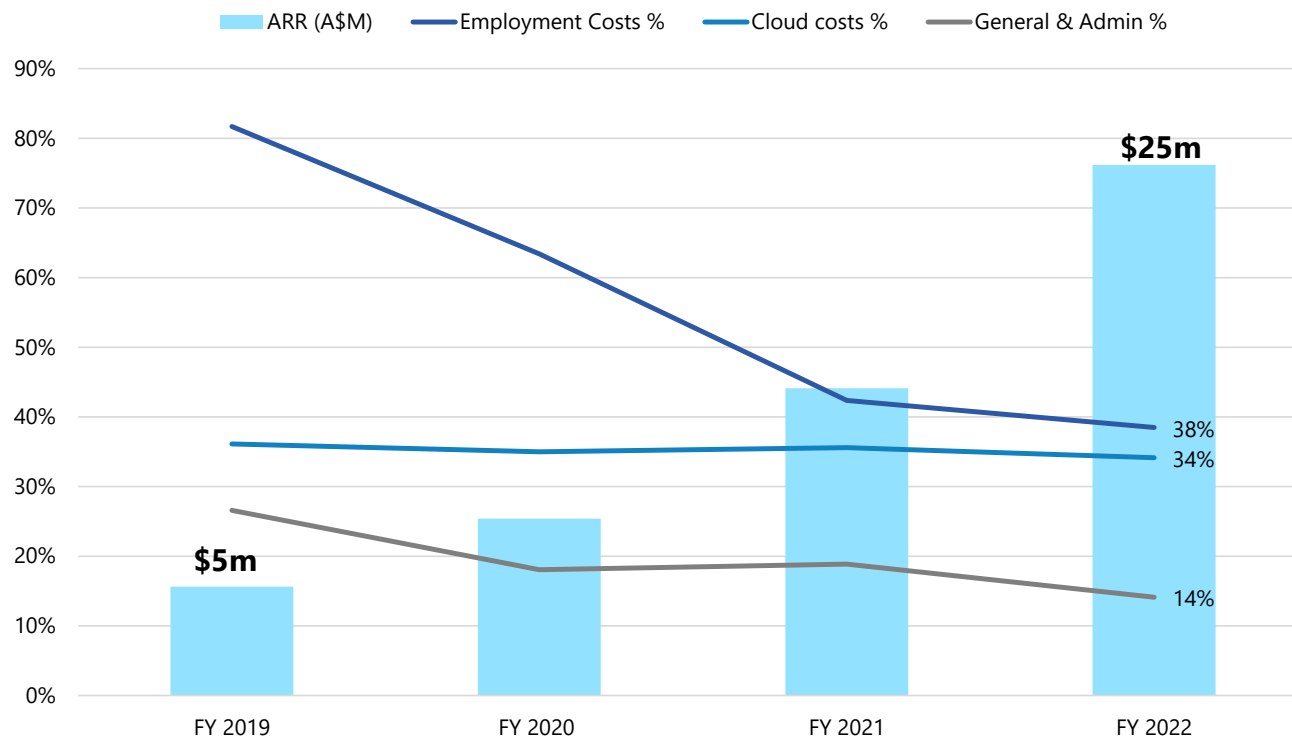
# Reinvesting for future growth while maintaining profitability

## Actual Operational Cashflow (A\$M)



# Operating Leverage Improvements

Costs as % of revenue reducing with increased scale

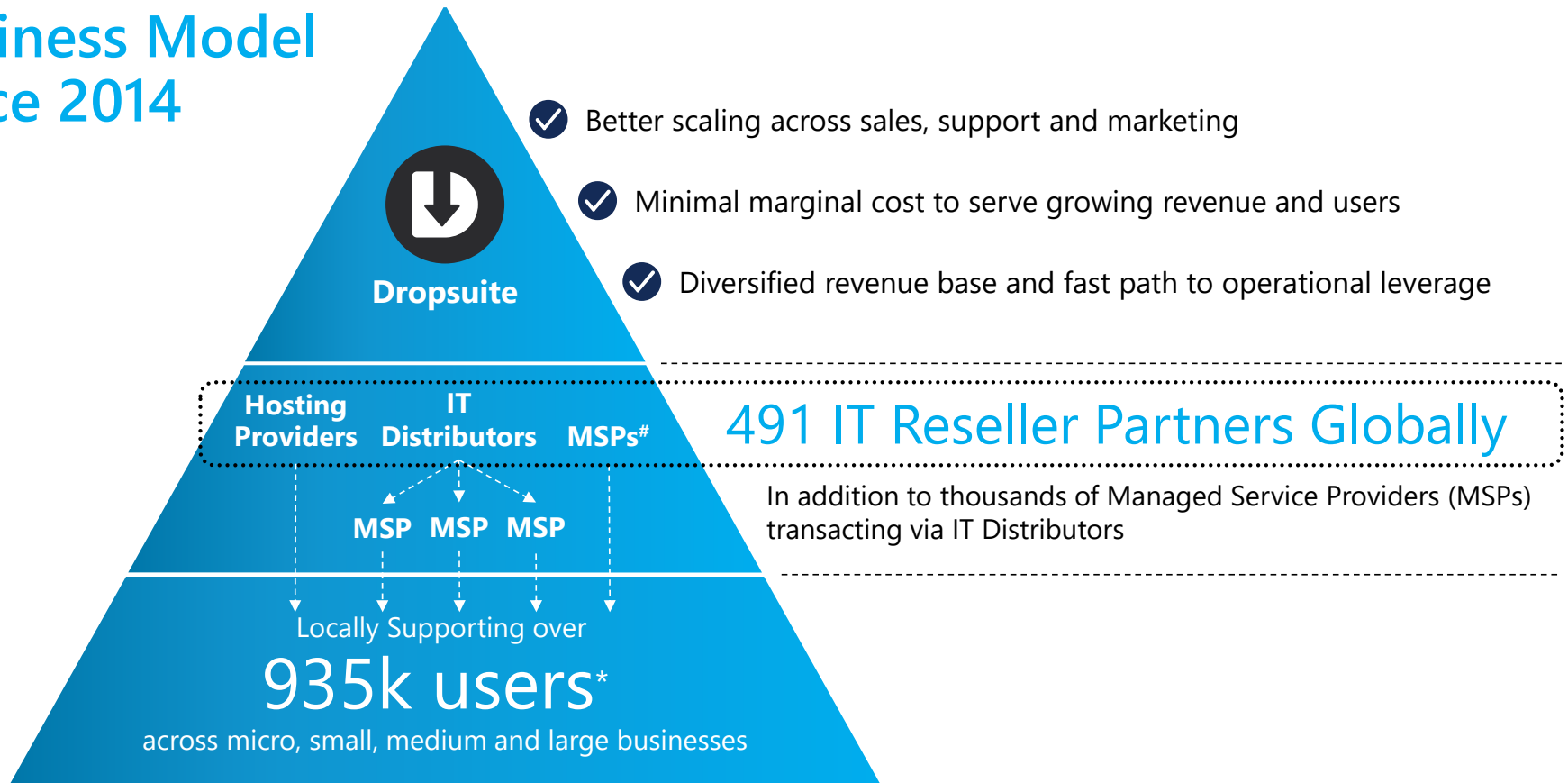


## Operating leverage improvements

- Employment costs as % of revenue reducing YoY after material team expansion
- Cloud costs % and General & Admin costs % continue declining trend

# Delivering Future Growth

# Partner-led Business Model Since 2014



MSP: Managed Service Provider is an outsourced IT provider ensuring business availability and security for mostly small and mediums businesses (SMBs)

\* # of MSPs: As at 31 December 2022

# Notable MSP Trends and How We Win



## Notable & Emerging Trends

- Ever **growing cyber and ransomware threat** landscape affecting both users and MSPs
- **Cyber insurance** requirements are increasingly strict and complex
- **Revenue and margin** pressures with a move to the Cloud
- Growing **regulatory and compliance** requirements
- Growing **strain to hire IT professionals**, with increasing SLA expectations by end users

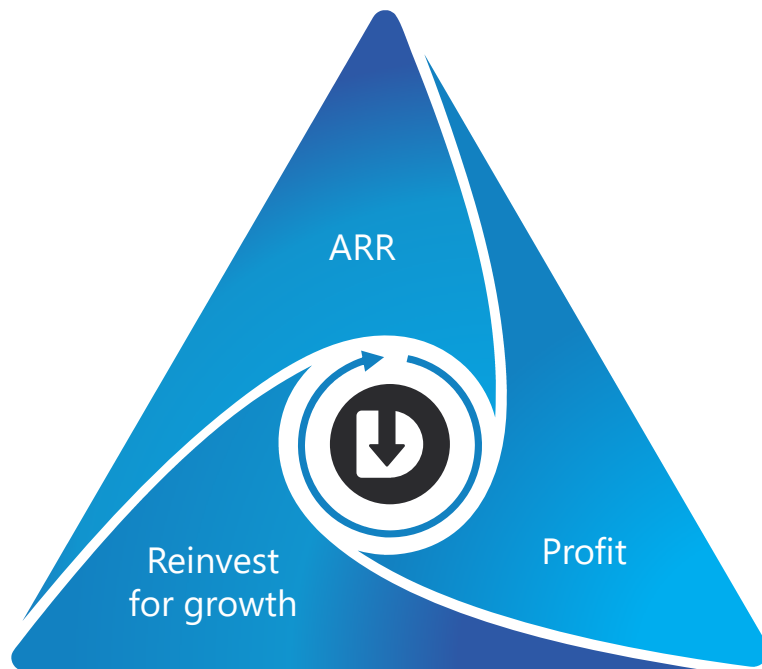


## How Dropsuite Drives MSP Success

- Highly **secure and encrypted** data backup in a **separate Cloud**
- **Backup** along with security software **prerequisite** to obtain **cyber** insurance
- Backup is an integral component of the **security stack** sold to end users
- **Archiving and Compliance module** is a meaningful differentiator
- **“One-stop” solution** to all email backup needs integrated into MSP’s workflow

# Investment Framework

## Our Investment Framework



## Enablers of Growth



Significant industry tailwinds



Product leadership



Growing partner network



Underserved large addressable market



Highly skilled and motivated team

# Our Growth Strategy and Ambition

01

## Existing Organic Business

- Maintain & sustain our product leadership
- Expand partner base currently at 2% penetration
- Grow sales footprint

02

## New Product Innovation

- Augment our data protection platform
- Cross-sell to existing channel partners
- Increase users, ARPU and maintain GM%

03

## Accretive Acquisitions

- Target accretive acquisitions
- Broaden our scope of data protection solutions
- Cross-sell to growing channel partner base

2025

## Our Ambition

- Leading backup and recovery company
- Grow at ~2x industry growth rates to 2025

# Investment Highlights and Outlook



**Strong market tailwinds** from data security and regulation



**Market leading position** in SaaS backup



**Highly engaged team** with the people and structure to support growth



**Advancing accretive M&A opportunities**



**ARR growth** via partner ecosystem and strong sales pipeline



**FY23 guidance** for positive EBITDA and Operating Cash Flow with Gross Margin operating in a similar range to 2022



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This presentation is authorised by the Board of Directors

# Appendix

# Board and Management



**Charif Elansari**  
Managing Director



**Theo Hnarakis**  
Non-Executive Chairman



**Dr. Bruce Tonkin**  
Non-Executive Director



**Ridley Ruth**  
Chief Operating Officer



**Manoj Kalyanaraman**  
Chief Technology Officer



**Bill Kyriacou**  
Chief Financial Officer



**Frederique van de Poll**  
Global Head of HR



**Eric Roach**  
SVP Global Channel Sales &  
Marketing

# Single Vendor Story



Partners' choice for all email and productivity backup requirements across any platform, geography, customer segment or vertical



## Any Platform

 Microsoft 365  
Google Workspace  
& On-Premise & Cloud



## Any Geography

Americas  
Europe  
Asia Pacific



## Any Segment

End Clients from  
1-1000s of users



## Any Vertical

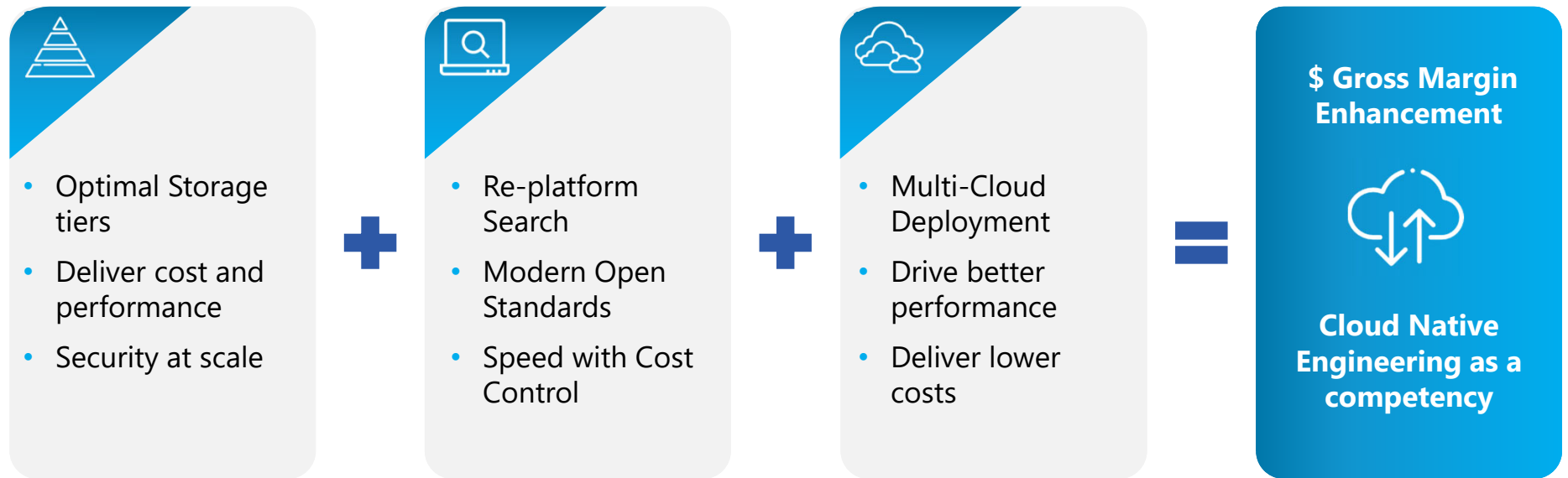
**Including:**  
Healthcare  
Financial  
Government



FINRA

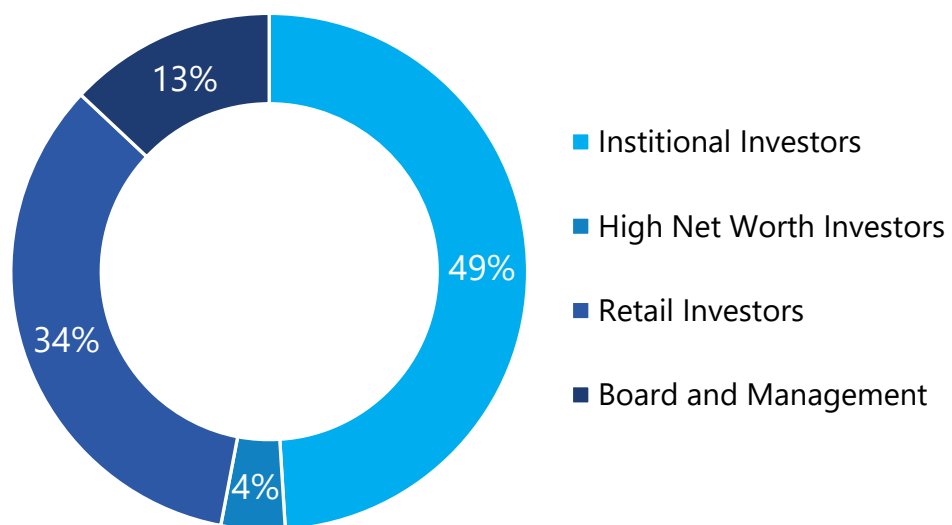
# Cutting-edge Cloud Platform

Built for the cloud from day one. Secure public and private cloud platform deployed globally



# Corporate Overview

## Top 50 share registry breakdown



### Financial Information

Share price as of December 31, 2022	18.0 cents
Ord Share on Issue (M)	690
52-week trading (low/high)	0.15/0.24
<b>Market Cap (\$)</b>	<b>\$124M</b>
Cash (31 December 2022)	\$22.3M
Debt (31 December 2022)	nil

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